IMPLEMENTATION OF THE TREATY
STATUS AS OF SEPTEMBER 2007
– NATURAL GAS –

Energy Community Secretariat, Vienna

17 October 2007, Vienna, Austria

The 6th PHLG Meeting
REPORTING REQUIREMENTS

1. REPORT ON THE IMPLEMENTATION OF THE ACQUIS UNDER THE TREATY ESTABLISHING THE ENERGY COMMUNITY requested at the 2nd MC in Becici, June 2007


4. Progress Notice in Gas, 5th PHLG Meeting, Becici, June 2007 (link)
IDENTIFICATION OF STATE OF PLAY AT INDIVIDUAL LEVEL

- Comparison Tables for Benchmarking Purposes

  Topics:
  Electricity, Gas, Competition, Environment, Renewable Energy Sources, Infrastructure Projects, Conclusions.

Gas:
Adoption of the Acquis, and in a lesser degree, an analysis of its effective implementation or the functioning of the market.

Scope:
To trigger awareness with the Contracting Parties as well as the Commission to the current state of play with respect to the provisions of the Treaty and the EC Directive 2003/55/EC.
# FINDINGS

**NATIONAL LEVEL with regard to Directive 2003/55/EC**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Albania</td>
<td><img src="#" alt="Red" /></td>
<td><img src="#" alt="Red" /></td>
<td><img src="#" alt="Red" /></td>
<td><img src="#" alt="Red" /></td>
<td><img src="#" alt="Red" /></td>
<td><img src="#" alt="Red" /></td>
<td><img src="#" alt="Red" /></td>
<td><img src="#" alt="Red" /></td>
</tr>
<tr>
<td>BiH</td>
<td><img src="#" alt="Red" /></td>
<td><img src="#" alt="Red" /></td>
<td><img src="#" alt="Red" /></td>
<td><img src="#" alt="Red" /></td>
<td><img src="#" alt="Red" /></td>
<td><img src="#" alt="Red" /></td>
<td><img src="#" alt="Red" /></td>
<td><img src="#" alt="Red" /></td>
</tr>
<tr>
<td>Croatia</td>
<td><img src="#" alt="Yellow" /></td>
<td><img src="#" alt="Blue" /></td>
<td><img src="#" alt="Blue" /></td>
<td><img src="#" alt="Blue" /></td>
<td><img src="#" alt="Blue" /></td>
<td><img src="#" alt="Yellow" /></td>
<td><img src="#" alt="Red" /></td>
<td><img src="#" alt="Red" /></td>
</tr>
<tr>
<td>FYR of Macedonia</td>
<td><img src="#" alt="Yellow" /></td>
<td><img src="#" alt="Blue" /></td>
<td><img src="#" alt="Blue" /></td>
<td><img src="#" alt="Blue" /></td>
<td><img src="#" alt="Blue" /></td>
<td><img src="#" alt="Yellow" /></td>
<td><img src="#" alt="Red" /></td>
<td><img src="#" alt="Red" /></td>
</tr>
<tr>
<td>Montenegro</td>
<td><img src="#" alt="Red" /></td>
<td><img src="#" alt="Red" /></td>
<td><img src="#" alt="Red" /></td>
<td><img src="#" alt="Red" /></td>
<td><img src="#" alt="Red" /></td>
<td><img src="#" alt="Red" /></td>
<td><img src="#" alt="Red" /></td>
<td><img src="#" alt="Red" /></td>
</tr>
<tr>
<td>Serbia</td>
<td><img src="#" alt="Blue" /></td>
<td><img src="#" alt="Blue" /></td>
<td><img src="#" alt="Blue" /></td>
<td><img src="#" alt="Blue" /></td>
<td><img src="#" alt="Blue" /></td>
<td><img src="#" alt="Red" /></td>
<td><img src="#" alt="Red" /></td>
<td><img src="#" alt="Red" /></td>
</tr>
<tr>
<td>UNMIK</td>
<td><img src="#" alt="Red" /></td>
<td><img src="#" alt="Red" /></td>
<td><img src="#" alt="Red" /></td>
<td><img src="#" alt="Red" /></td>
<td><img src="#" alt="Red" /></td>
<td><img src="#" alt="Red" /></td>
<td><img src="#" alt="Red" /></td>
<td><img src="#" alt="Red" /></td>
</tr>
<tr>
<td>Regional Perspective</td>
<td><img src="#" alt="Red" /></td>
<td><img src="#" alt="Yellow" /></td>
<td><img src="#" alt="Yellow" /></td>
<td><img src="#" alt="Yellow" /></td>
<td><img src="#" alt="Yellow" /></td>
<td><img src="#" alt="Red" /></td>
<td><img src="#" alt="Red" /></td>
<td><img src="#" alt="Red" /></td>
</tr>
</tbody>
</table>

- **Red**表示瓶颈（Bottlenecks）
- **Yellow**表示某些规定可用（Some provisions are available）
- **Blue**表示某些规定缺失（Some provisions are missing）
- **Green**表示所有规定可用（All provisions are available）

- prepared by the Energy Community Secretariat -
### FINDINGS

NATIONAL LEVEL with regard to entire acquis on energy requirements

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Albania</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BiH</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Croatia</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FYR of Macedonia</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Montenegro</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Serbia</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UNMIK</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **Red** indicates Bottlenecks
- **Yellow** indicates Some provisions are available
- **Blue** indicates Some provisions are missing
- **Green** indicates All provisions are available

- prepared by the Energy Community Secretariat -
CONCLUSIONS

CHARACTERISTIC PROBLEMS

- In few Contracting Parties a Regulatory Authority has not been established yet.

- Public service obligations are defined - where the primary legislation is available. However, further work is needed on the provisions related to customer protection, in particular protection of vulnerable customers.

- A few Contracting Parties have adopted the security of supply provisions. However, in all cases the mechanisms for their practical implementation call for further attention. Otherwise, security of supply may be endangered which further on might undermine activities related to opening of the gas market.

- Technical rules have not been fully adopted in most of the Contracting Parties. Technical rules are one of very important parts related to security of supply from operational, maintenance and planning viewpoints.
CONCLUSIONS

CHARACTERISTIC PROBLEMS

- In general, in most of the Contracting Parties unbundling provisions and provisions related to access to accounts have not been put in place yet; their full practical implementation and monitoring call for further attention.

- In some Contracting Parties provisions related to regulated TPA to T&D networks are put in place in the primary legislation as well as obligations to justify the denial of access to network but no Contracting Party has fully adopted the provisions – in particular the secondary legislation - ensuring TPA, yet. Cost reflective methodology for determining network access tariffs is yet to be applied.

- Implementation of the timetable for market opening from the Treaty (non-household customers) is not likely in practical terms from today’s perspective.

- Cross border (physical) transport and trade are of critical importance to opening of the gas market. It still being the work in progress. Implementation of Regulation 1775/2005 would improve the situation.
CONCLUSIONS

CHARACTERISTIC PROBLEMS

- Low level of prices/tariffs which leads to regulate the whole energy chain;
- Metering, billing and invoicing of customers;
- Collection rates, non payment and non invoicing as no data base of customers;
- Transparency in data and harmonisation of accounts;
- Lack of domestic production which leads to high imports;
- Lack of interconnections between national transmission networks;
- TSO bundled with importer/wholesale;
- Cross-border issues;
- DSO bundled with retail; and
- Lack of investments in transmission;
- Lack of investments in distribution.
CONCLUSIONS

COMMON PROBLEMS

- The persistence of regulated prices, especially for the benefits of eligible customers, putting obstacles in the path of new market entrants;

- The lack of legal unbundling and insufficient managerial separation of TSOs/DSOs to ensure their independence;

- Discriminatory Third Party Access and insufficiently transparent tariffs;

- The free choice of supplier;

- The power of regulatory authorities, in particular as regards setting tariffs for access to networks;

- The preferential access given in the case of certain long-standing gas contracts; and

- Failure to notify Public Service Obligation.
CONCLUSIONS

COMMON PROBLEMS

TSO/DSO related problems:

- Insufficient legal unbundling of TSO/DSO to guarantee independence;
- Absence of independence of TSO/DSO in the management;
- Insufficient functional and accounting unbundling of TSO/DSO to guarantee independence; and
- Delay in the entry into force of legal unbundling of TSO/DSO.

Regulatory authorities related problems:

- Insufficient competences in relation to the *acquis*, in particular with respect to
  - the possibilities to file complaints to the regulator,
  - the management and allocation of interconnection capacity, and
  - fixing the tariffs of access to the networks.